

**Revised Minutes  
Commonwealth Competition Council  
Wednesday, January 3, 2007, 10 a.m.  
General Assembly Building,  
3 East Conference Room  
Richmond**

**Members present:**

Senator Emmett W. Hanger, Jr., Chairman  
Senator J. Brandon Bell, II  
Beverly B. Davis  
Lana Ingram Digges  
Barry R. Green  
Edgardo Marquez, Vice Chairman  
Roger E. Ortega, Sr.  
Delegate Thomas Davis Rust  
David M. Zobel

**Members absent:**

Kim Y. Farrar  
Delegate Timothy D. Hugo  
Marian M. Pegram  
Ronald V. Shickle  
David A. Von Moll  
Sara Redding Wilson

Notice of the meeting appeared on the Commonwealth Calendar on the Internet. A quorum was present. Senator Hanger presided over the meeting.

**Public Comment**

None

**Staff**

Senator Hanger announced that Peggy Robertson, the long-time staff to the Council, will retire from state government as of the end of February 2007. He expressed the appreciation of the entire membership to Mrs. Robertson for her dedication and support and said she would be sorely missed. The Chairman will work with Richard D. Brown, Director of the Department of Planning and Budget, to recruit a successor.

He also reported on a meeting with the Director of Planning and Budget and the Secretary of Technology on how the Council on Virginia's Future and the Commonwealth Competition Council can work together for the betterment of state government in the way in which it delivers its services to the citizens of Virginia. He also referenced the Wilder Commission and the Blue Ribbon Strike Force recommendations which have not been implemented. For the record, this information was provided at the last meeting of the Council.

**Minutes**

The minutes of the November 14, 2006, meeting of the Council were approved as distributed. In addition, draft minutes appear on the Internet as soon as possible but not later than ten working days following the meeting in accordance with § 2.2-3707.1 of the Code of Virginia. Final approved minutes are posted within three working

days of final approval. In addition, Commonwealth Competition Council minutes are being posted in accordance with the above to the Council web page at <http://www.egovcompetition.com>.

## **2007 Potential Projects**

The Council began its discussion on the potential projects identified at the last meeting:

### **1 PPEA and PPTA – oversight; review of law; streamlining process**

This item deals with the processes involved in the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA) and the Public-Private Transportation Act of 1995 (PPTA). It was reported that SB756 is being presented by Senator Stosch in the 2007 General Assembly creating a new legislative commission, Public-Private Partnership Advisory Commission, to review and advise state agencies and institutions on interim and comprehensive agreements for qualifying transportation facilities under the PPTA and detailed proposals for qualifying projects under the PPEA. The discussion at this meeting dealt with whether or not the Competition Council could play an oversight role of the general law rather than projects. Senator Hanger will discuss this legislation with the patron. On motion of Senator Bell, seconded by Delegate Rust, the Council moved to explore the possibility of the Commonwealth Competition Council being the entity to provide oversight of the law for the PPEA and PPTA. The motion carried unanimously. It was the consensus that the Council should be as proactive as it can be in this initiative.

### **2 Design Build – local governmental approval process**

At issue was why local governments have to come to the General Assembly for approval to use the design-build process. It is perceived that a lot of money is being inefficiently used in the way the state gets the work done. The Code of Virginia stipulates that competitive negotiation may be used under certain criteria by a local governing body on a fixed price design-build basis or construction management basis when the contract is not expected to cost more than \$1 million. It was stated that under the normal process, more time and engineering is needed to get something accomplished. The issue was raised of why it costs more to get projects done by the state government than by the private sector. It was agreed that the Department of General Services and state building officials should be invited to a meeting of the Council to discuss this issue and begin a dialogue to get something done.

On motion by Mr. Marquez, seconded by Mr. Ortega, it was recommended that legislation be introduced at the 2007 General Assembly increasing from \$1 million to \$5 million the amount that localities may procure contracts under a fixed price design-build. This motion passed unanimously.

### **3 Elimination of social security numbers as identifier in state records**

Mrs. Wilson, Director of the Department of Human Resource Management, told the Council at its last meeting that DHRM was aggressively pursuing this initiative to eliminate social security numbers from state records with state employees being assigned a unique employee number that would cross all state agencies and institutions (not just a position number in a particular agency). This topic was expanded at this meeting to include all records, not just employee records, such as taxation, motor vehicles, etc. It was agreed that the scope of this item is broader than just employees.

### **4 Integration of state computer systems to achieve maximum efficiencies**

This topic may require legislation to achieve maximum efficiencies. Automatic upgrades, agencies forced to comply with computer technology, the mission of the contractor, Northrup Grumman, and how the mission is being carried out for state agencies and institutions were all issues discussed that

needed more in-depth discussion. It was agreed that VITA would be invited back to a meeting of the Council and that Northrup Grumman be invited as well. It was stated that this concept should be revisited and/or the process reviewed and updated to determine its incorporation into the Council for Virginia's Future.

NOTE: Since preparing the minutes, it has been learned there is an appropriation in the current budget of approximately \$11.5 million to begin the multi-year enterprise-wide effort to reengineer the state's core accounting, budgeting, personnel and procurement systems. A consulting firm has been selected as the integrator to lead in the process reengineering. It has been decided that reengineering of the accounting, financial reporting and budgeting systems are the first priority of the Commonwealth. Mr. Von Mall and other state officials are serving on the steering committee.

## **5 Outsourcing surplus auctions – heavy equipment and vehicles**

This initiative was begun at the January 2006 meeting of the Competition Council. It is anticipated that the outsourcing of the auctions of heavy equipment and vehicles will bring in more revenue and offer efficiencies over the current way of the state handling this matter. It was reported that the procurement process is down to two vendors with a contract anticipated to be awarded this month and implementation the following month. The Council will advise the Governor and General Assembly on this CCC initiative as soon as the award is made.

## **6 Museums:**

- **Service Bureaus for museums, allowing museums to focus on revenues, marketing, and fundraising**
- **PPEA applicability to museums, five year comparison of dollars appropriated and expended, positions and position history**

This issue involves state museums vs. non-state museums. The Council expressed the opinion that a state policy was needed for consistent delivery and funding of museums as well as state grants to nonstate entities, nonstate agencies. The staff was asked to develop background information on revenues, expenditures, appropriations, and positions to determine if a service bureau approach would be feasible for recommendation to the Governor and General Assembly. Each museum currently functions independently, and it was discussed that efficiencies might be achieved if they formed a pool for certain functions that cross all museum lines, such as security, human resources, procurement, etc.

## **7 Disparity study – how to increase the number of Small, Women Owned, and Minority (SWAM) businesses doing business with the State**

It was agreed that the Secretary of Administration would be invited to the next meeting to discuss the progress the Commonwealth has made, and is making, in procurements with SWAM businesses. The Governor's Executive Order 33 (2006) set a goal of the Commonwealth that 40 percent of the purchases made by the executive branch be made from small businesses. The executive order includes discretionary spending in prime contracts and subcontracts. The Council was interested in the process SWAM businesses must follow in order to be a certified SWAM vendor for state government. There were some issues discussed that caused concern in the certification process, including the length of time it takes to become certified (in excess of 33 man hours was the example). Delegate Rust asked if the state had a program similar to the Federal government wherein a larger firm would sponsor a small firm, teach them the accounting processes, etc., to train the small firm to become a quality provider of the service within a three to five year timeframe. Stacy Burrs, Director of the Department of Minority Business Enterprise, will be invited to present to the Council.

**8 Constitutional Officers – structure and satellite state functions**

In the past attempts have been made to do away with constitutional officers or give them additional responsibilities. This issue will be to explore these topics including such items as computer system upgrades, connectivity, etc.

**9 State – local governments (example: higher education model)**

Powers of the state are unlimited except for express restrictions under the state or federal constitutions. Municipalities only have the powers expressly granted to them by the state legislature. This topic would explore the requirements placed on local governments having to seek approval from the General Assembly for additional responsibilities. This will compare the higher education deregulation legislation with how local governments are required to function.

**10 Deferred budget items – identification, funding, maintenance vs. new construction (example: VDOT rest areas deferred maintenance requirements)**

It was stated at the last meeting the Virginia Department of Transportation could not forecast future expenditures on the rest areas and welcome centers. It was agreed the Council would pursue an accounting on this. Thus would enable the state to know how much it would cost for future expenditures in all areas of government, not only capital outlay.

**11 Revenue generation – example: museums, rest areas (cell towers), banners**

It was agreed that revenues could be made by cell towers on highways, advertising for rest areas, etc., providing a good balance with privatization restrictions. When comparing Virginia to West Virginia, highway advertisements are permitted in West Virginia. Questions were raised on how airports advertise, were waivers involved, and do interstate vs. turnpike restrictions impact how Virginia functions.

**12 Coordination with Council on Virginia's Future and Cost Cutting Caucus**

It was agreed that the Competition Council should work with the Council on Virginia's Future and the Cost Cutting Caucus of the House of Delegates. Mr. Brown, Director of the Department of Planning and Budget, and Ms. Jane N. Kusiak, Executive Director of the Council on Virginia's Future, will be invited to present what role the Competition Council has with the Council on Virginia's Future. At the last session of the legislature, HB 1295 (2006) was referenced creating the Council on Governmental Accountability and Efficiency. That legislation was continued to the 2007 session of the General Assembly in General Laws. That legislation, if passed, will expire on December 30, 2008.

**13 Boards and Commissions – effectiveness**

The Council was interested in the effectiveness of the hundreds of boards and commissions of state government, to include the cost to the Commonwealth on per diems and all other expenses, and whether or not any legislation creating these boards and commissions has a sunset provision.

**14 Resources for communicating “the story,” e.g. online links to Virginia efforts**

No discussion on this item. This will be addressed at the next meeting.

**15 Process for filling vacancies – inherently governmental positions**

No discussion on this item. This will be addressed at the next meeting.

**16 Authorities – effectiveness and efficiency**

Like boards and commissions, the Council was interested in the effectiveness of the hundreds of authorities created, to include the cost to the Commonwealth on per diems and all other expenses, and whether or not any legislation creating these authorities has a sunset provision. Dr. Earl McClenney, a former member of the Competition Council and currently Senior Policy Advisor to Governor Kaine on Urban Affairs, explored this topic some years ago during his membership on the Council. It was suggested that he be invited to a future meeting of the Council to discuss this topic.

Additional topics added to the list at this meeting:

**17 Energy Management in buildings**

It was believed that substantial savings could occur in the energy management program of the Commonwealth. The Council asked for a follow up on this topic. It was reported that at least two pieces of legislation on energy management will be considered by the 2007 General Assembly: one would require that at least 15 percent of the total electricity purchased by state-owned buildings be electricity generated from renewable energy sources by 2020 pursuant to a phase-in schedule; the second would require all major facility projects of state agencies to be constructed to meet United States Green Building Council Leadership in Energy and Environment Design (LEED) certification standards.

**18 Driver's licensing**

The Council indicated that the Department of Motor Vehicles appears to be more focused on identification rather than authorizing individuals to drive. Senator Hanger also stated that a federal mandate on real identification cards, not driver's licenses used as identification, is underway. The Council was interested in looking at the Code of Virginia mandates and any federal mandates as well as the funding appropriations and expenditures for DMV.

**19 Faith based services for substance abuse, prisoner re-entry program, underage drinking and other teen challenges**

The Council indicated it would more fully explore faith based provision of state services in substance abuse and prisoner re-entry programs, looking at private models and the federal program, and recidivism results. The Council was further interested in underage drinking estimated to cost approximately \$1.5 billion annually and other teen challenges and how faith-based groups could provide services in these areas

Also on the list but not discussed because of time:

**20 Property and casualty insurance proposal leveraging with other states**

This item is a carryover from last year. Director of the Department of Planning and Budget will be responsible for following up with other noncontiguous states to determine their interest in forming a coalition to help lower property and casualty insurance premiums paid by the states. Mr. Brown is the lead and is working with the National Association of State Budget Officers.

**21 State government mandatory sources**

This item would explore the use of mandatory sources in state government, to include revenues generated, impact on SWAM procurements, source of authorization (through the Code of Virginia or administratively).

**Next meeting**

The Council will be polled for the next meeting later in the month of April 2007, following the reconvened session currently scheduled for April 4, 2007.

Peggy R. Robertson  
Department of Planning and Budget